



## Accumulation and Reproduction of Capital

Marx begins this third part of Capital, Volume 2 as follows:

*“The direct process of the production of capital is its labour and self-expansion process, the process whose result is the commodity-product and whose compelling motive is the production of surplus-value.”*

Here Marx is confirming, in direct terms, the order of things as explained in Capital, Volume 1. The motive of capital is the production of surplus-value, and the commodity-product is the consequence. Some would call this production for profit and not for need; others might say that it is the creation and the reproduction of a power relationship of the bourgeois owners over the working class.

Marx continues to assist. In contrast to the end of the second section of Volume 2, where he left us with more questions than answers, at the beginning of the third section he lays out the scheme of Volume 1 (“Book 1”) and all three sections of Volume 2 as follows (shortened; see Chapter 18 for the full text):

*“In Book I the process of capitalist production was analysed as an individual act as well as a process of reproduction: the production of surplus-value and the production of capital itself. The only act within the sphere of circulation on which we have dwelt was the purchase and sale of labour-power as the fundamental condition of capitalist production.*

*“In the first part of this Book II, the various forms were considered which capital assumes its circular movement, and the various forms of this movement itself. The circulation time must now be added to the working times discussed in Book I.*

*“In the second Part, the circuit was studied as being periodic, i.e., as a turnover.*

*“...Especially money-capital came forward with distinctive features not shown in Book I. Certain laws were found according to which diverse large components of a given capital must be continually advanced and renewed — depending on the conditions of the turnover — in the form of money-capital in order to keep a productive capital of a given size constantly functioning.*

*“But in both the first and the second Parts it was always only a question of some individual capital, of the movement of some individualised part of social capital.*

*“However the circuits of the individual capitals intertwine, presuppose and necessitate one another, and form, precisely in this interlacing, the movement of the total social capital.*

*“We have now to study the process of circulation (which in its entirety is a form of the process of reproduction) of the individual capitals as components of the aggregate social capital, that is to say, the process of circulation of this aggregate social capital.”*

There are four chapters in the third part of Volume 2. Chapter 18 is covered above. Chapter 19 doubles back to the Physiocrats and Adam Smith. Chapter 20 is very long, covering many kinds of ordinary and extraordinary circumstances, divided into four parts; but it begins with a useful schematic summary, as follows:

*“The total product, and therefore the total production, of society may be divided into two major departments:*

***“I. Means of Production,** commodities having a form in which they must, or at least may, pass into productive consumption.*

***“II. Articles of Consumption,*** commodities having a form in which they pass into the individual consumption of the capitalist and the working-class.

*“All the various branches of production pertaining to each of these two departments form one single great branch of production, that of the means of production in the one case, and that of articles of consumption in the other. The aggregate capital employed in each of these two branches of production constitutes a separate large department of the social capital.*

*“In each department the capital consists of two parts:*

***“1) Variable Capital.*** This capital, so far as its value is concerned, is equal to the value of the social labour-power employed in this branch of production; in other words, it is equal to the sum of the wages paid for this labour-power. So far as its substance is concerned, it consists of the labour-power in action, i.e., of the living labour set in motion by this capital-value.

***“2) Constant Capital.*** This is the value of all the means of production employed for productive purposes in this branch. These, again, are divided into fixed capital, such as machines, instruments of labour, buildings, labouring animals, etc., and circulating constant capital, such as materials of production: raw and auxiliary materials, semi-finished products, etc.

*“The value of the total annual product created with the aid of this capital in each of the two departments consists of one portion which represents the constant capital  $c$  consumed in the process of production and only transferred to the product in accordance with its value, and of another portion added by the entire labour of the year. This latter portion is divided in turn into the replacement of the advanced variable capital  $v$  and the excess over and above it, which forms the surplus-value  $s$ . And just as the value of every individual commodity, that of the entire annual product of each department consists of  $c + v + s$ .”*

## **Reading for Discussion**

We shall use Part 1 of Chapter 21, the last chapter in Volume 2, for a reading text, attached, and downloadable via the link below.

It is called “Accumulation and Reproduction on an Extended Scale”, thus confirming what Volume 2 is about, namely these two words which feature very prominently in 21<sup>st</sup> century South African communist literature: Reproduction and Accumulation. At seven thousand words, Part 1 of Chapter 21 is sufficiently short and sufficiently plain in its prose to be read as a discussion document.

Let it suffice, therefore, for this introduction, to point out that in Volume 2, Marx is examining the leads and lags in the full cycle of the accumulation and reproduction of capital, and discovering features that arise during this circulation (e.g.

*“...money-capital came forward with distinctive features not shown in Book I”*) which have a material effect on the entire concrete social phenomenon which is Capital with a capital “C”.

One such feature is the “hoard” of money that is a necessary phenomenon within the cycle – the indispensable slack or easement without which the machinery could not move.

In Volume 1, Marx takes considerable pains to distinguish the miser (who hoards money) from the capitalist (who puts money into circulation). There is no contradiction, however, in Marx’s thinking. The hoard that arises in the cycle of capital is a transitional, usable and re-chargeable reservoir, and not, like the miser’s hoard of buried treasure, money that is permanently withheld from circulation and use of any kind.

Where one must be careful is with the unclear and conflicted representation of these matters that appears in the vulgar economics of “analysts” in newspapers and in the mouths of pundits and politicians today, where “capital” is invariably conceptualised in a limited sense as a hoard. For example the sentence “I need capital to start my business” always refers to a hoard, and only to a hoard.

In Marx, “accumulation” refers to the assembly, and the constant reassembly at an ever-larger scale, of all of the prerequisites for the extraction of surplus value, and not just to the pump-priming hoard of money.

These prerequisites for Capital also include the market, the

proletariat, the bourgeoisie and the bourgeois state with its bourgeois constitution and laws, the means of communication, transport and trade, and the subordination of all other classes to the rapacious needs of the bourgeois class.

In the case of an individual business, the market for its goods or services is, in particular, a far more critical prerequisite than the prior possession of a hoard of money.

- The above is to introduce the original reading-text: [Capital, V 2, Chapter 21, Part 1, Accumulation and Reproduction on an Extended Scale, Marx.](#)
- To download any of the CU courses in PDF files [please click here.](#)